



Health Services
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

June 6, 2006

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TO: Each Supervisor

FROM: Bruce A. Chernof, M.D.
Director and Chief Medical Officer

SUBJECT: DHS PARTICIPATION IN MEDICARE MODERNIZATION ACT
(MMA) SECTION 1011 PROGRAM

As referenced in my November 23, 2005 Board memo, this is the third in a series of periodic reports to inform your Board of our participation in the Section 1011 program which provides partial federal reimbursement for emergency services to undocumented immigrants.

Since the last status report submitted to your Board on March 17, 2006, the Department has submitted program reimbursement claims to the CMS fiscal intermediary, TrailBlazer Health Enterprises, LLC (TrailBlazer) totaling approximately \$12.4 million in gross charges for the Fourth Quarter FFY 2005. TrailBlazer has indicated the payment date for these claims is May 29, 2006. Although California is expected to receive approximately \$70.8 million for claimable services in FFY 2005, this amount is capped and must be distributed to all California eligible providers which may result in partial claim payments on a pro rata basis.

As briefly discussed in my March 17, 2006 status report, TrailBlazer failed to timely process the County's application to participate in the program, thereby preventing the Department from billing for the Third Quarter FFY 2005 (dates of service May 10, 2005 through June 30, 2005). The Department has attempted to work with TrailBlazer to resolve this issue, but has not been successful. At this time, the Department is working with County Counsel to determine whether legal action can be taken with regard to TrailBlazer's error. While the Department would prefer to work out an amicable resolution with TrailBlazer and CMS, it appears this may not be possible.

The Department is also continuing its work with County Counsel and outside legal counsel to (1) determine the impact of Medi-Cal Redesign on receipt of Section 1011 reimbursement, and (2) to prepare an appropriate response to address concerns voiced by patient advocate groups regarding disclosure of patient personal identification information related to the Section 1011 program.

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Following are the key activities since our last report:

Section 1011 Participation and Claiming

- Claims valued at \$12.4 million in gross charges were submitted for the Fourth Quarter FFY 2005 (for dates of service July 1, 2005 to September 30, 2005).
- TrailBlazer has informed the Department that payments for the Fourth Quarter FFY 2005 are estimated to be \$2.3 million.
- To date, very few claims (less than 10) have been returned by TrailBlazer for additional information and only two were for purposes of medical review.
- On May 22, 2006 the Department was notified by TrailBlazer that it intends to conduct a compliance review on Fourth Quarter FFY 2005 claims covering dates of service July 1, 2005 to October 31, 2005.

Potential Impact of Medi-Cal Redesign

- The Department continues to work with outside counsel to determine whether the County can accept Medi-Cal Redesign and MMA Section 1011 payments. If the finding is that the Department cannot claim for Section 1011 under Medi-Cal Redesign, necessary arrangements will be made to return any funds received.
- The Department has notified TrailBlazer and CMS of the potential Medi-Cal Redesign conflict and has included a disclosure statement with each Section 1011 claim submitted for payment.

Advocacy Group Concerns

- Department staff held a conference call on April 17, 2006, with representatives of patient advocate groups regarding their concerns about disclosure of patient personal identification information and other Section 1011 issues. The Department provided requested information in response to specific areas of concern related to training of staff, patient notices, and facility liaison availability and agreed to continue open communication.
- The Department, in accord with County Counsel, has directed that "under no circumstances shall any patient personal identification information be disclosed as any part of the Department's participation in the Section 1011 program" and developed a policy and procedure to redact all patient personal identification information when responding to requests for information from TrailBlazer.
- To date, there have been only two requests from TrailBlazer for medical review information and in both cases all patient personal identification information was redacted.

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The Department will continue to provide periodic reports to the Board on its participation in the Section 1011 program.

Please let me know if you have questions or require additional information.

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(1\FORD\MMMA SECTION 1011\BOARD STATUS REPORTS\STATUS REPORT NO. 3 (05-24-06)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors